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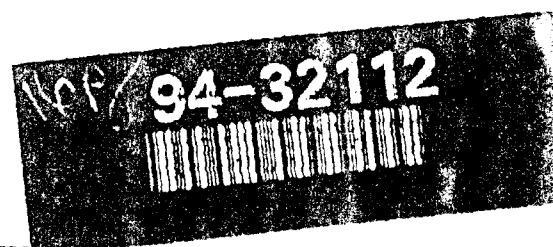
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September 1994

ENVIRONMENT

DOD's New Environmental Security Strategy Faces Barriers



National Security and
International Affairs Division

B-256282

September 30, 1994

The Honorable Daniel K. Inouye
ChairmanThe Honorable Ted Stevens
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

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As requested, we are providing information on the Department of Defense's (DOD) environmental strategy and the changes made to DOD's organizational structure for environmental management. In addition, the Appropriations Committee, in Senate Report 102-408 on the Department of Defense Appropriation Bill, 1993, expressed concerns about spending and accountability by the former Office of the Deputy Assistant Secretary of Defense (Environment). The Committee report asked us to review portions of the Office's administrative operations and controls over funding. We briefed the Senate Subcommittee staff on overall results in July 1993 and agreed to provide a final report on the above issues.

Results in Brief

DOD has developed a new strategy to address long-standing environmental concerns. In May 1993, DOD abolished the Deputy Assistant Secretary of Defense (Environment) position and created a higher level Deputy Under Secretary of Defense (Environmental Security).¹ It organized the office of environmental security to focus on specific missions, including cleanup, compliance, conservation, pollution prevention, and environmental technology. However, the recently expanded office of environmental security must overcome several long-standing barriers to be successful. Barriers include (1) limited cooperation between DOD and other agencies, (2) constraints in implementing environmental regulations, and (3) inconsistent environmental funding methods.

Senate Report 102-408 directed DOD to (1) realign and justify the operating and administrative funding for the office of environmental security separately in future budget submissions and (2) reduce and hold the operating and administrative budget to \$366,000 and limit travel costs to \$27,000 in fiscal year 1993.

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¹We will refer to this office as the office of environmental security in the remainder of this report.

DOD did not separately budget for its environmental management activity. While the portion of the Defense Support Activity's fiscal year 1994 budget devoted to environmental management is separately identified, the Office of the Secretary of Defense's (OSD) share is consolidated within a central account for many offices and is not separately identified in its budget justification. Instead, DOD officials stated, they can provide reasonably accurate estimates of operating costs on request.

Office of environmental security officials stated that the former environmental office had provided incorrect data to the Senate Committee on Appropriations on the office's total cost, so the restriction was based on a fraction of the office's actual cost. The office agreed to reduce the budget request by \$366,000. Because the total projected operating and administrative budget request had been \$3.3 million, rather than the \$732,000 reported to the Congress, the budget request was cut to \$2.9 million rather than \$366,000. The travel cost of \$90,000 was expected to exceed the report limit by \$63,000. The Deputy Under Secretary of Defense (Environmental Security) subsequently met with Committee staff and reached agreement on the limits.

DOD Strategy for Greater Environmental Protection

Today, the United States is faced with a broad array of global, regional, and/or national threats to environmental security, according to DOD officials.² These threats include ozone depletion, environmental terrorism, risks to public health and the environment from DOD activities, and a broad range of contaminants at DOD installations. DOD's revised strategy for protecting the environment has objectives that focus on cleanup, compliance, conservation, pollution prevention, and technology. Specifically, the revised strategy calls for the following:

- creating environmental partnerships,
- matching environmental and economic opportunities,
- expediting cleanup at all DOD sites,
- preventing pollution rather than controlling pollution, and
- targeting technology to meet U.S. environmental needs.

Creating environmental partnerships with federal agencies, states, industry, the public, and the Congress is a key component in the environmental security strategy. One such partnership was recently initiated between DOD and the Environmental Protection Agency (EPA).

²Outlined in a statement of the Deputy Under Secretary of Defense (Environmental Security) before the Senate Committee on Armed Services, Subcommittee on Military Readiness and Defense Infrastructure, June 9, 1993.

According to the Deputy Under Secretary of Defense (Environmental Security), in an effort to break regulatory gridlock and accelerate base closings, DOD and EPA conducted several regional conferences to improve communication and help resolve issues affecting base closures. Also, DOD recently reestablished an interagency Environmental Response Task Force that will monitor the Base Realignment and Closure process and formulate interagency solutions to barriers.

In matching environmental opportunities and economic opportunities, the President believes that protecting the environment and helping the economy to grow go hand in hand, according to the Deputy Under Secretary of Defense (Environmental Security). One way to do this is with the process the Congress created in 1992 to identify and prepare clean parcels of land for quick return to the community. The Community Environmental Response Facilitation Act of 1992 requires DOD to identify all clean parcels on the Base Realignment and Closure installations that are in regulatory concurrence. The identification of clean parcels requires early and close coordination among DOD installations, regulators, and the public. To further expedite the process, DOD has asked the military departments to try to accelerate the 18-month schedule for identifying uncontaminated parcels.

Expediting cleanup at all DOD sites is also an important objective, according to the Deputy Under Secretary of Defense (Environmental Security). DOD is engaged in the cleanup of hazardous waste sites at over 1,700 installations of which 92 are listed by EPA on the National Priorities List (NPL). DOD believes that one way to accelerate cleanups is to work closely with regulatory agencies to match cleanup goals to future land use plans. DOD believes that early land use discussions tie in well with its strategy to empower people at the local level so they have the confidence to take acceptable management risks, use innovative technologies, and cut through the bureaucracy.

DOD considers pollution prevention to be perhaps the most important pillar in its environmental program. According to the Deputy Under Secretary of Defense (Environmental Security), pollution prevention is "preventive medicine for the environment," because it reduces future liabilities and reduces costs. As such, the office of environmental security has identified several pollution prevention concepts that need to be addressed. For example, DOD believes it needs to consider environmental costs and benefits as early in the design process as possible, including the life-cycle

costs from concept development all the way to demilitarization and disposal.

Also, DOD believes it needs to include environmental issues in the decision-making process and hold program managers accountable for the environmental impact of their actions. DOD believes that by evaluating hazardous and environmentally damaging materials such as ozone-depleting substances, while evaluating energy and raw material use at the concept development and design phases, it is making decisions at the best time to reduce or eliminate environmental problems at the source.

Targeting technology focuses on three areas: (1) developing a priority-setting system for environmental technology to better target research and development to high payback areas; (2) using the Strategic Environmental Research and Development Program structure more effectively, by applying funds to real environmental needs; and (3) aggressively strengthening partnerships with regulators, states, and the public to get support for testing and fielding innovative technologies.

Long-standing Barriers to Successful Implementation of DOD's Environmental Security Strategy

To successfully implement its environmental security strategy, DOD will have to overcome several long-standing barriers, which include (1) limited coordination or cooperation among DOD and other agencies, (2) constraints in implementing environmental regulations, and (3) inconsistent environmental funding methods.

Limited Coordination Within DOD and With Other Agencies

In our past and ongoing work, we have found that DOD does not fully coordinate its work to prevent conflicts or duplicative efforts. Among issues arising in our ongoing work involving low-level radiation contamination is that no formal mechanism exists in DOD to ensure the coordination of low-level waste technology. For example, a Defense Nuclear Agency official stated that technology uses are generally known to the low-level radiation research community, and attributed this knowledge to the specialized nature of the community. In discussing the issue, environmental security officials stated that the newly created Assistant Deputy Under Secretary positions for Technology and Cleanup under the Deputy Under Secretary of Defense (Environmental Security) should help substantially to resolve this coordination problem.

DOD also needs to improve cooperation with other agencies. Our work involving DOD and the Department of Interior,³ for example, indicates that DOD should strive to be more cooperative in the implementation of resource management plans. Under the Military Lands Withdrawal Act of 1986, more than 7 million acres of land is removed from public use until the year 2001; until then, the land is to be devoted to the military services for training purposes. The law requires DOD and the Department of Interior to consult and agree on plans to manage resources on these lands. This necessitates close cooperation between agencies. However, we found that DOD and Interior are not fully cooperating to implement resource management plans. In discussing this issue, Deputy Under Secretary of Defense (Environmental Security) officials stated that they are working aggressively with Interior officials to resolve this problem. For example, the military presence on the land significantly affects Interior's Bureau of Land Management strategy for resource management. Bureau officials said they were less aggressive in planning and implementing projects to enhance protection and use of site resources because nonmilitary uses such as recreation, grazing, and mining were often restricted by the military. Military officials may not want to share authority with the Bureau or support additional Bureau activities because of concerns that the Bureau's plans could restrict future military training activities.

Limited cooperation also exists between the Air Force and the Interior's Fish and Wildlife Service. The Fish and Wildlife Service manages two national wildlife refuges that have airspace under military control where the Air Force conducts flight training operations. To conduct the training exercises, the Air Force at times has to build roads, targets, and other facilities on the refuges. In describing their working relationship with the Air Force, Fish and Wildlife Service officials told us that the military was generally uncooperative in resource management. For example, at Nellis Air Force Base, they pointed to instances in which the Air Force constructed military roads, targets, and facilities on the refuge without informing the refuge manager. They also said that the Air Force had engaged in bombing exercises outside of approved areas, which damaged a rainwater catchment for bighorn sheep. The Air Force also did not consult with Fish and Wildlife Service managers before using the refuge to store tank targets contaminated by depleted uranium.

In discussing this issue, Deputy Under Secretary of Defense (Environmental Security) officials stated that they met with the Fish and

³Natural Resources: Defense and Interior Can Better Manage Land Withdrawn for Military Use (GAO/NSIAD-94-87, Apr. 26, 1994).

Wildlife Service Director and are working toward a better relationship. Office of environmental security officials also stated that recent initiatives have emphasized improvements in military/civilian cooperation in the development of environmental partnerships. For example, under a grant to identify and explore opportunities, senior representatives of environmental organizations visited Navy installations in Georgia and Florida during March 1994.

Environmental Regulations Constraints

DOD is subject to federal and state environmental laws and regulations. According to DOD officials, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), as amended by the Superfund Amendments and Reauthorization Act, cleanup procedures are numerous, time-consuming, costly, complex, and exacting, and call for joint decision making by DOD, EPA, and state officials. Therefore, the result of cleaning up the most severely contaminated military installations in compliance with CERCLA is that cleanups are costly and time consuming.

In our report on the cleanup of high-priority military installations,⁴ we found that the CERCLA process and its requirements hamper and slow DOD's remediation efforts and increase cleanup costs. This has occurred for two reasons. First, DOD must extensively study thousands of sites, regardless of the extent of contamination. Second, it must address issues, such as liability, that involve a great deal of legal and administrative effort that may not otherwise be required. The imposition of the entire detailed CERCLA process to the minor sites on DOD installations wastes valuable resources where cleanup of even relatively few high-priority sites could strain resources and force difficult choices.

EPA's system for identifying high-priority sites—those on the NPL—has led to a large number of individual sites on installations with that designation. EPA usually included only the four to six worst sites on an installation, which may have hundreds of sites on it, in determining whether an installation should be placed on the NPL. However, when the time comes to do the required CERCLA work, all of the sites on an installation are usually given the NPL status, regardless of the threat posed by the individual sites to human health and the environment.

Some individual sites on non-NPL installations are worse than some of the individual sites on installations already the on the NPL. As a result,

⁴Environmental Cleanup: Too Many High Priority Sites Impede DOD's Program (GAO/NSIAD-94-133, Apr. 21, 1994).

seriously contaminated sites on non-NPL installations are allowed to worsen while less seriously contaminated sites on the NPL installations receive priority access to DOD and EPA resources. DOD will not be able to optimally apply its cleanup efforts to the worst sites until it and EPA evaluate those currently on the NPL and determine which should be designated as high priority.

Inconsistent Environmental Funding Methods

In our report on environmental construction projects,⁵ we found that the services' processes for identifying, classifying, and funding environmental projects vary. Currently, these projects and other environmental projects receive funding through a total of 34 separate accounts among the military services and 3 centrally managed DOD accounts. We concluded that more consistent funding processes would help ensure that environmental compliance costs and needs are properly identified and prioritized so that DOD and the Congress have appropriate oversight for making trade-offs in funding decisions and to help prevent funding inequities.

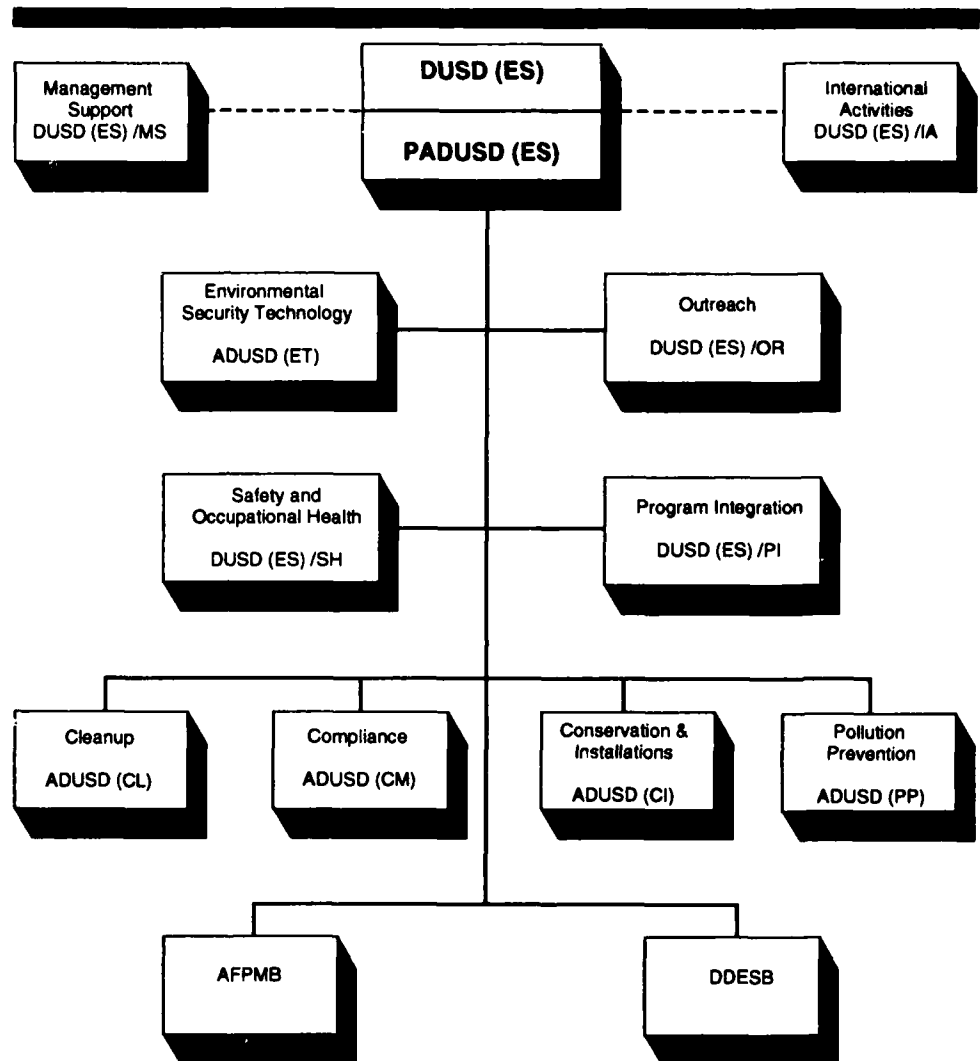
This barrier was also acknowledged by the Deputy Under Secretary of Defense (Environmental Security) in her June 1993 testimony. In the testimony, she expressed concerns over the multitude of DOD and military services accounts available for environmental funding and the difficulty this presents in measuring progress toward addressing environmental concerns. As a result, DOD established the Environmental Budgeting Task Force to develop consistent methods for planning, programming, and budgeting environmental funds.

Organizational Changes Focus on a New Environmental Direction

OSD elevated environmental issues from the Deputy Assistant Secretary of Defense to the Deputy Under Secretary of Defense level in May 1993. The office of environmental security was created to emphasize environmental security technology, cleanup, compliance, conservation, and pollution prevention. It has five offices at the Assistant Deputy Under Secretary of Defense level to cover these areas. The new office is responsible for ensuring that (1) DOD protects the environment in its operations and (2) uses its environmental stewardship to promote economic growth, while creating strong environmental partnerships with the public and private sector. The revised organization of the office of environmental security is shown in figure 1. Appendix I provides a brief description of the offices' responsibilities.

⁵Environmental Compliance: Guidance Needed in Programming Defense Construction Projects (GAO/NSIAD-94-22, Nov. 26, 1993).

**Figure 1: Fiscal Year 1993
Organizational Chart of the Deputy
Under Secretary of Defense
(Environmental Security)**



July 13, 1993

(Figure notes on next page)

Note: Deputy Under Secretary of Defense (Environmental Security/Management Support (DUSD(ES)/MS).

Deputy Under Secretary of Defense (Environmental Security) (DUSD(ES).

Principal Assistant Deputy Under Secretary of Defense (Environmental Security) (PADUSD(ES)).

Deputy Under Secretary of Defense (Environmental Security/International Activities (DUSD(ES)/IA).

Assistant Deputy Under Secretary of Defense (Environmental Security Technology) (ADUSD(ET)).

Deputy Under Secretary of Defense (Environmental Security/Outreach (DUSD(ES)/OR).

Armed Forces Pest Management Board (AFPMB).

DOD Explosives Safety Board (DDESB).

Committee Directives

The Senate Appropriations Committee report directed DOD to (1) realign and justify its operating and administrative funding for the office of environmental security separately in future budget submissions and (2) reduce and hold the operating and administrative budget to \$366,000 and limit travel costs to \$27,000 in fiscal year 1993. The Committee later agreed with DOD that higher levels were necessary. In its fiscal year 1994 operations and maintenance budget submission, DOD justified a portion of the total operating and administrative costs for the office of environmental security.

Future Budgets Will Not Be Fully Realigned

The operating and administrative budget for the office of environmental security consists of two separate accounts, one for OSD and the other for the Defense Support Activity. However, the Appropriations Committee could not determine from DOD's fiscal year 1993 operations and maintenance budget submission the office's total operating and administrative budget estimates. In the fiscal year 1994 budget request, DOD realigned and justified the Defense Support Activity portion of the office of environmental security's budget; DOD has not done the same for OSD.

As of October 1993, a total of 76 full-time personnel were assigned to the office of environmental security, 36 from OSD and 40 from the Defense Support Activity. Since staff of the office of environmental security are assigned from OSD and Defense Support Activity, all operating and administrative costs, such as salaries, travel, and supplies are charged to the respective accounts of OSD and the Defense Support Activity.

Prior to DOD's fiscal year 1994 budget submission, Defense Support Activity's portion of the former office of the Deputy Assistant Secretary of Defense (Environment) costs were captured in a single line item within a consolidated Defense Support Activity account, along with 10 other Defense Support Activities. In fiscal year 1993, the Defense Support Activity was expected to spend approximately \$1.8 million on operating and administrative activities to support the office of environmental security.

In its partial compliance with the Appropriations Committee's directives, DOD separated and detailed the fiscal year 1994 operations and maintenance budget estimates for the Defense Support Activities, including budget estimates for the office of environmental security. According to DOD officials, details of the Defense Support Activity account in the fiscal year 1994 budget submission could be separated because the Defense Support Activity has its own operations and maintenance account and maintains separate accounts for 11 Defense Support Activities. However, Defense Support Activity officials told us DOD is reconsidering its decision to separately justify the Defense Support Activity account in future budget submissions because providing such detailed information may be inefficient.

OSD's portion of the office of environmental security was not broken out in OSD's fiscal year 1994 budget submission. Typically, in DOD's budget submission, DOD requests funding for all of the offices and suboffices within OSD. Once DOD's budget is approved, OSD manages funding through a central account. Administrative costs incurred by OSD staff assigned to the office of environmental security are included in OSD's central account. DOD officials told us that in order to separately detail OSD's share of the costs for the office of environmental security, DOD would have to prepare detailed budget estimates for all 35 OSD component offices.

According to OSD officials, providing separate details of costs for component offices of OSD would not be cost-effective and would likely require additional personnel. OSD officials said, however, that upon request, DOD's Washington Headquarters Services, which administers the operations and maintenance funds for OSD, can provide detailed cost estimates for OSD's portion of the office of environmental security.

Funding Limits Eliminated

In preparation for the Appropriations Committee's review of DOD's fiscal year 1993 operations and maintenance budget request, the former Office of

the Deputy Assistant Secretary of Defense (Environment) provided the Committee with an inaccurate estimate of the costs of the environmental office. The cost estimate provided for the office was \$732,000 for fiscal year 1993. The Appropriations Committee based its final funding decision on the inaccurate DOD estimate, and directed the office to reduce and hold its 1993 operating and administrative costs to \$366,000 and travel to \$27,000. The operating and administrative costs for the office of environmental security were projected to be about \$3 million—about \$2.3 million more than indicated in data given to the Appropriations Committee.

According to a Defense Support Activity official, there was confusion regarding the Committee's directives to cut operating and administrative costs by \$366,000 and to hold the costs to \$366,000. The \$366,000 would have equaled about 12 percent of the actual amount required for activities in fiscal year 1993. Although they did not contact the Committee for clarification, they tried to partially comply with the directives by reducing the Defense Support Activity operating and administrative budget by \$366,000. DOD also did not limit its travel expenses to the Committee's directed \$27,000. During fiscal year 1993, the environmental office was projected to spend about \$90,000 on travel. In December 1993, officials of the office of environmental security and Committee staff met to discuss this matter, and the Committee agreed to eliminate the funding directive because it was based on inaccurate, unrealistic cost data.

Agency Comments

In commenting on a draft of this report, DOD generally concurred with our findings. DOD stated that its environmental security operations have undergone significant changes during the last year affecting the internal operating budget, business practices, and administrative operations. These changes are founded on careful internal strategic planning based on, among other things, the National Performance Review, Defense Performance Review, and Bottom Up Review. This planning resulted in DOD's focus on the five major environmental issues: cleanup, compliance, conservation and installations, pollution prevention, and technology.

Scope and Methodology

To examine the efforts to reorganize and implement a new environmental program within the office of environmental security, we reviewed planning documents and interviewed officials of the Deputy Under Secretary of Defense (Environmental Security), Defense Logistics Agency (DLA), Defense Support Activity, and Washington Headquarters Services.

To provide information on compliance with funding controls imposed by the Appropriations Committee on the office of environmental security, we analyzed data from DOD's fiscal year 1993-1994 operations and maintenance budget documents and interviewed officials of the DLA, OSD, the Defense Support Activity, and Washington Headquarters Services. We obtained and reviewed fiscal year 1993 budget documents from OSD, the Defense Support Activity, and DLA to identify the total cost of operations and maintenance activities for the office of environmental security in that year. We discussed the funding directives with OSD, DLA, the Defense Support Activity, and Washington Headquarters Services officials to determine efforts made to comply with the Senate Appropriations Committee instructions.

The Committee report asked us to conduct a thorough audit and management evaluation of the Office of the Deputy Assistant Secretary of Defense (Environment) to ensure compliance with the (1) realignment of funding used to carry out environmental functions, (2) reduction of \$366,000 in the operations and administrative budget, and (3) elimination of inappropriate programs to the environmental mission. We briefed the staff of the Senate Subcommittee on Defense on our results in July 1993. We agreed to provide a final report on DOD's environmental strategy, changes made to DOD's organizational structure for environmental management, and controls over funding.

We conducted our work from April 1993 to March 1994 in accordance with generally accepted government auditing standards.

We will send copies of this report to the Chairmen, House Committee on Government Operations; Senate Committee on Governmental Affairs; House and Senate Committees on Armed Services; House Subcommittee on Defense, Committee on Appropriations; Senate Committee on Appropriations; the Secretary of Defense; the Administrator, EPA; and the Director, Office of Management and Budget. We will also send copies to other interested parties upon request.

Please contact me at (202) 512-8412 if you or your staff have any questions concerning this report. Major contributors to this report were Uldis Adamsons, Leah B. Cates, Jacob W. Sprouse, and Barbara L. Wooten.

A handwritten signature in black ink, reading "Donna Heivilin". The signature is fluid and cursive, with the first name "Donna" and last name "Heivilin" clearly distinguishable.

Donna M. Heivilin, Director
Defense Management and NASA Issues

Responsibilities of Offices

Assistant Deputy Under Secretary of Defense (Environmental Security Technology): Identifies requirements, sets priorities, delivers technology and research products, and oversees provision of education and training to the Department of Defense (DOD) personnel.

Assistant Deputy Under Secretary of Defense (Cleanup): Carries out a program of environmental restoration of facilities under the jurisdiction of the Secretary, largely by guiding DOD cleanup efforts, including cleanup and remediation of such contamination as asbestos, lead-based paint, and radon at DOD installations.

Assistant Deputy Under Secretary of Defense (Compliance): Works to achieve and sustain full compliance with statutory and regulatory requirements for all environmental security functions.

Assistant Deputy Under Secretary of Defense (Conservation and Installations): Provides planning, management, protection, preservation, conservation (including energy), and impact analysis regarding the air, land, and water resources for which DOD is steward or for which it is a user, including DOD construction, installation maintenance and repair, and installations operations and management.

Assistant Deputy Under Secretary of Defense (Pollution Prevention): Develops policy, establishes requirements, and monitors source reduction and other practices that reduce or eliminate the creation of pollutants.

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